

Message Text

LIMITED OFFICIAL USE

PAGE 01 SAN JO 02631 231424Z

44

ACTION ARA-20

INFO OCT-01 ADP-00 IGA-02 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 RSR-01

/167 W

----- 029540

P 231340Z JUL 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 4631

LIMITED OFFICIAL USE SAN JOSE 2631

E.O. 11652: N/A

TAGS: ELAB, EAGR, PINT, CS

SUBJECT: GOCR'S PLAN TO SUBSIDIZE INDEPENDENT

BANANA PRODUCERS

REF: STATE 133475

SUMMARY: CENTRAL BANK BOARD IN JULY 19 MEETING RESOLVED TO PERMIT INDEPENDENT BANANA PRODUCERS TO SELL 39 PERCENT OF EXCHANGE RECEIVED FROM EXPORT OF THEIR BANANAS IN THE FREE MARKET. LARGE FOREIGN COMPANIES (I.E., UNITED, STANDARD, DEL MONTE), OF COURSE, NOT INCLUDED.

1. ACCORDING TO OUR CALCULATIONS, BOARD'S DECISION TO ALLOW INDEPENDENTS TO SELL 39 PERCENT OF THEIR EXCHANGE EARNING IN FREE MARKET AMOUNTS TO AN EFFECTIVE SURRENDER RATE OF COLONES 7.36 FOR EVERY DOLLAR EARNED, INSTEAD OF PREVIOUS COLONES 6.62 RATE. ALTHOUGH APPROVED JULY 19, TEXT OF RESOLUTION WAS NOT FINISHED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SAN JO 02631 231424Z

UNTIL LATE JULY 20. AS REQUESTED REFTEL, INFORMAL

SUMMARY AND PARTIAL TRANSLATION (AS REPORTED
JULY 21 PRESS) FOLLOWS:

2. PREAMBLE OF RESOLUTION (PARAS.
NUMBER AS IN RESOLUTION):

(1)--BRIEF DESCRIPTION OF CONDITIONS
FACING INDEPENDENTS.

(2) QUOTE THAT THE PRICES OBTAINED BY
THE PRODUCERS THROUGH SALE TO PURCHASING
COMPANIES HAVE REMAINED FIXED DESPITE
EFFORTS TO SECURE INCREASES UNQUOTE

JSEL--DESCRIBES IMPORTANCE OF BANANA
EARNING TO BALANCE OF PAYMENTS AND
SIGNIFICANCE OF INDUSTRY TO EMPLOYMENT.

(4) QUOTE THAT FOR REASON OF LAW, THE
FOREIGN COMPANIES THAT OPERATE WITHIN THE
COUNTRY REFRAIN FROM EXCHANGE EARNING SUMS
NECESSARY FOR REMITTING INTEREST, DIVIDENDS,
OR AMORTIZATION ON CAPITAL INVESTMENT, AS
WELL AS THE VALUE OF THEIR IMPORTS--
ADVANTAGES THAT (THE INDEPENDENTS) DO NOT
HAVE.

(5) QUOTE THAT THE FOREIGN COMPANIES ...
BECAUSE OF THEIR (VERTICAL INTEGRATION
ARE IN A POSITION TO TAKE ADVANTAGE OF
ECONOMIES DERIVING FROM THE VARIOUS STAGES
OF THEIR OPERATIONS). THIS ADVANTAGE DOES
NOT ACCRUE TO (THE INDEPENDENTS) ...UNQUOTE

(6) --NOTES FAILURE OF BANK CREDITS TO
SOLVE THE PROBLEM OF THE INDEPENDENTS.

(7) --NOTES THAT THE INDEPENDENTS ARE A
MINORITY AMONG AGRICULTURAL
PRODUCERS.

3. OPERATIVE PROTION OF RESOLUTIONS:

QUOTE: ACCORDS, BY ARTICLE 1 OF SESSION NO.
2768-73, HELD JULY 19, 1973, AND IN CONFORM-
ANCE WITH ... ARTICLE 96 OF THE ORGANICE LAW
OF THE CNETRAL BANK OF COSTA RICA, NO.
1552 OF APRIL 23, 1953, TO AUTHORIZE THOSE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SAN JO 02631 231424Z

BANANA PRODUCEYS NOT PROTECTED DIRECTLY
OR INDIRECTLY BY CONTRACTS -- LAWS ACCEDED
TO BY THE STATE -- TO SELL IN THE FREE
EXCHANGE MARKET THIRTY-NINE PERCENT (39 PERCENT)
OF EXCHANGE
EARNINGS OBTAINED FROM UALE
OF BANANAS FOR EXPORT.
QUOTE: THIS DISPOSITION WILL APPLY ONLY

TO PRODUCERS WHO SELL THEIR PRODUCE FOB IN
A COSTA RICAN PORT AND WHO, MOREOVER, DO
NOT HAVE ANY DIRECT OR INDIRECT CAPITAL
PARTICIPATION BY PURCHASING COMPANIES OR
EXPORTERS OF BANANAS. UNQUOTE

4. FINAL PROVISIONS OF RESOLUTION:

-- THIS SECTION ESTABLISHES PROCEDURES FOR
OBTAINING THE NEW RATE; NOTES THAT THE
RESOLUTION MAY BE MODIFIED OR CANCELED AT
ANY TIME; EXHORTS THE PURCHASING COMPANIES
ALSO TO RECOGNIZE THE PLIGHT OF THE INDE-
PENDENTS, BY ADJUSTING PRICES UPWARD; NOTES
FINANCE MINISTER ALPIZAR'S DECLARATION
TO THE EFFECT THAT THE RESOLUTION HAS THE
SUPPORT OF THE GOCR AND PROVIDES
FOR ENTRY INTO FORCE UPON PUBLICATION
IN THE OFFICIAL GAZETTE.

5. DURING CONVERSATION EVENING JULY 20, ALPIZAR
TOLD EMBOFF HE EXPECTED TO APPROACH UNITED RE
WAIVER OF "MOST-FAVORED-COMPANY" PROVISIONS
OF THEIR CONTRACT UPON HIS RETURN THIS THURSDAY
FROM CACM MEETING IN MANAGUA. HE SEEMED CONFIDENT
UNITED WOULD PRESENT NO OBJECTIONS.

6 WILL POUCH OFFICIAL (GAZETTE) TEXT WHEN
PUBLISHED (POSSIBLY LATER IN
WEEK).
LANE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FRUIT, AGRICULTURAL PRODUCT SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SANJO02631
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730716/aaaaalqj.tel
Line Count: 145
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 STATE 133475
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 18 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Jan-2002 by thigpegh>; APPROVED <28 FEB 2002 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOCR'S PLAN TO SUBSIDIZE INDEPENDENT BANANA PRODUCERS
TAGS: ELAB, EAGR, PINT, CS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005